

December 2000



# North Dakota REV-E-NEWS

**From Rod Backman, Director  
Office of Management and Budget  
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The primary concern about November's revenue collections is again sales tax. In November alone, collections were \$5.2 million less than what was anticipated. We believe part of this shortfall has to be related to Internet sales. Once we know how Christmas sales fared, we will have a much better picture of how serious this problem is. Fortunately, strong oil tax collections and individual income tax collections have been more than sufficient to offset the shortfall in sales tax. At the end of November, revenue collections were \$24.6 million ahead of the original forecast.

According to Economy.com, growth in the U.S. economy is quickly moderating. Nationwide, holiday sales appear to be disappointing, as do vehicle and home sales. They believe the U.S. economic expansion faces its

most serious threat since the mid 1990's. The most likely outlook is that the economy's performance will erode, but only modestly. Real gross domestic product (GDP) growth will slow from over 5.0 percent this year to closer to 3.0 percent next year, core CPI inflation will accelerate from 2.5 percent to 3.0 percent and the jobless rate will rise from near 4.0 percent currently to 4.5 percent by the end of 2001.

Comments or Questions???

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## Oil Activity

North Dakota has 15 rigs operating in the state compared to 13 one year ago. Oil production in October averaged 90,418 barrels per day, which was up from September's average of 88,927 barrels per day.

The current price of oil is in the range of \$21 per barrel.

## CAFR

The work on the comprehensive annual financial report (CAFR) has been completed and is now in the process of being printed. The report will be available on January 2, 2001. To obtain a copy of the CAFR, call the Office of Management and Budget at 328-1666.

**BEST WISHES FOR A VERY**

**HAPPY NEW YEAR !!!**

**STATEMENT OF GENERAL FUND REVENUES AND FORECASTS**  
**1999-01 BIENNIUM**  
**NOVEMBER 2000**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	Legislative Forecast	Actual	Variance	Percent	Legislative Forecast	Actual	Variance	Percent
Sales Tax	\$ 30,753,000.00	\$ 25,505,541.70	\$ (5,247,458.30)	-17.1%	\$ 447,993,500.00	\$ 435,322,189.86	\$ (12,671,310.14)	-2.8%
Motor Vehicle Excise Tax *	3,960,000.00	4,826,014.56	866,014.56	21.9%	74,901,400.00	79,589,000.75	4,687,600.75	6.3%
Individual Income Tax	13,187,000.00	13,936,099.60	749,099.60	5.7%	257,207,520.00	271,464,883.77	14,257,363.77	5.5%
Corporate Income Tax	1,371,000.00	(4,762,087.46)	(6,133,087.46)	-447.3%	70,005,000.00	51,702,037.68	(18,302,962.32)	-26.1%
Insurance Premium Tax	4,225,000.00	3,735,895.74	(489,104.26)	-11.6%	23,250,000.00	25,445,763.45	2,195,763.45	9.4%
Financial Insitutions Tax	46,000.00	(28,311.00)	(74,311.00)	-161.5%	2,752,000.00	2,455,390.16	(296,609.84)	-10.8%
Oil & Gas Production Tax	982,000.00	1,766,191.73	784,191.73	79.9%	15,670,000.00	30,065,210.98	14,395,210.98	91.9%
Gaming Tax	1,906,000.00	2,098,099.12	192,099.12	10.1%	16,917,000.00	19,462,143.76	2,545,143.76	15.0%
Interest Income	471,000.00	879,004.61	408,004.61	86.6%	9,711,000.00	13,262,316.52	3,551,316.52	36.6%
Oil Extraction Tax	596,000.00	1,071,278.70	475,278.70	79.7%	9,534,000.00	19,010,279.73	9,476,279.73	99.4%
Cigarette & Tobacco Tax	1,792,000.00	1,814,151.98	22,151.98	1.2%	30,902,000.00	30,440,365.94	(461,634.06)	-1.5%
Departmental Collections	1,100,000.00	1,112,238.96	12,238.96	1.1%	25,859,196.00	28,226,684.30	2,367,488.30	9.2%
Wholesale Liquor Tax	428,868.00	507,794.98	78,926.98	18.4%	7,011,160.00	7,280,655.17	269,495.17	3.8%
Coal Severance Tax	892,000.00	880,043.17	(11,956.83)	-1.3%	15,888,000.00	15,780,478.71	(107,521.29)	-0.7%
Coal Conversion Tax	987,000.00	1,047,384.32	60,384.32	6.1%	17,393,000.00	17,735,662.28	342,662.28	2.0%
Mineral Leasing Fees	199,760.00	426,893.48	227,133.48	113.7%	3,517,360.00	5,497,098.65	1,979,738.65	56.3%
Bank of North Dakota-Transfer					15,000,000.00	15,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					1,035,456.00	1,035,456.00	0.00	0.0%
Other Transfers					1,700,000.00	2,056,365.23	356,365.23	21.0%
<b>Total Revenues and Transfers</b>	<b>62,896,628.00</b>	<b>54,816,234.19</b>	<b>(8,080,393.81)</b>	<b>-12.8%</b>	<b>1,046,247,592.00</b>	<b>1,070,831,982.94</b>	<b>24,584,390.94</b>	<b>2.3%</b>

\* Motor Vehicle Excise Tax Collections are estimated for the month. The Department of Transportation is converting to a new computer processing system and was unable to process a portion of October's and November's collections.

**COMPARISON TO PREVIOUS BIENNIUM REVENUES**  
**1999-01 BIENNIUM**  
**NOVEMBER 2000**

REVENUES AND TRANSFERS	FISCAL MONTH				BIENNIUM TO DATE			
	November 1998	November 2000	Variance	Percent	1999	2001	Variance	Percent
Sales Tax	\$ 26,179,416.77	\$ 25,505,541.70	\$ (673,875.07)	-2.6%	\$ 396,760,698.28	\$ 435,322,189.86	\$ 38,561,491.58	9.7%
Motor Vehicle Excise Tax *	2,995,693.40	4,826,014.56	1,830,321.16	61.1%	67,176,001.89	79,589,000.75	12,412,998.86	18.5%
Individual Income Tax	12,800,524.30	13,936,099.60	1,135,575.30	8.9%	237,251,046.25	271,464,883.77	34,213,837.52	14.4%
Corporate Income Tax	896,971.16	(4,762,087.46)	(5,659,058.62)	-630.9%	85,032,649.92	51,702,037.68	(33,330,612.24)	-39.2%
Insurance Premium Tax	3,514,369.95	3,735,895.74	221,525.79	6.3%	21,920,477.19	25,445,763.45	3,525,286.26	16.1%
Financial Insitutions Tax	3,696.94	(28,311.00)	(32,007.94)	-865.8%	2,566,539.25	2,455,390.16	(111,149.09)	-4.3%
Oil & Gas Production Tax	713,275.97	1,766,191.73	1,052,915.76	147.6%	20,343,593.14	30,065,210.98	9,721,617.84	47.8%
Gaming Tax	1,905,777.65	2,098,099.12	192,321.47	10.1%	16,915,983.27	19,462,143.76	2,546,160.49	15.1%
Interest Income	596,797.04	879,004.61	282,207.57	47.3%	12,827,584.16	13,262,316.52	434,732.36	3.4%
Oil Extraction Tax	640,189.03	1,071,278.70	431,089.67	67.3%	12,804,652.27	19,010,279.73	6,205,627.46	48.5%
Cigarette & Tobacco Tax	1,831,810.92	1,814,151.98	(17,658.94)	-1.0%	32,509,191.62	30,440,365.94	(2,068,825.68)	-6.4%
Departmental Collections	1,034,193.71	1,112,238.96	78,045.25	7.5%	23,652,242.38	28,226,684.30	4,574,441.92	19.3%
Wholesale Liquor Tax	531,308.66	507,794.98	(23,513.68)	-4.4%	7,651,806.10	7,280,655.17	(371,150.93)	-4.9%
Coal Severance Tax	951,761.68	880,043.17	(71,718.51)	-7.5%	15,779,914.40	15,780,478.71	564.31	0.0%
Coal Conversion Tax	1,036,371.50	1,047,384.32	11,012.82	1.1%	16,798,524.31	17,735,662.28	937,137.97	5.6%
Mineral Leasing Fees	191,796.95	426,893.48	235,096.53	122.6%	5,946,595.68	5,497,098.65	(449,497.03)	-7.6%
Bank of North Dakota-Transfer					15,000,000.00	15,000,000.00	0.00	0.0%
State Mill & Elevator-Transfer								
Gas Tax Admin-Transfer					846,654.00	1,035,456.00	188,802.00	22.3%
Other Transfers	17.88				30,205,517.47	2,056,365.23	(28,149,152.24)	-93.2%
<b>Total Revenues and Transfers</b>	<b>55,823,973.51</b>	<b>54,816,234.19</b>	<b>(1,007,739.32)</b>	<b>-1.8%</b>	<b>1,021,989,671.58</b>	<b>1,070,831,982.94</b>	<b>48,842,311.36</b>	<b>4.8%</b>

\* Motor Vehicle Excise Tax Collections are estimated for the month. The Department of Transportation is converting to a new computer processing system and was unable to process a portion of October's and November's collections.

# Revenue Variances

Once again sales tax collections fell below forecast. Collections in November were \$5.2 million or 17.1 percent below projections. Biennium-to-date collections are now \$12.7 million or 2.8 percent below projections.

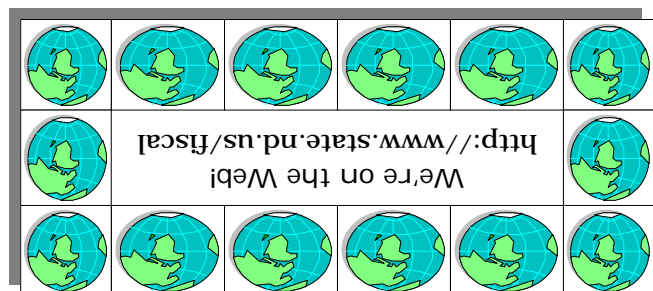
Due to the Department of Transportation converting to a new computer processing system, motor vehicle excise tax collections are estimated again for November. The estimate indicates collections are \$866,015 or 21.9 percent ahead of projections and brings the estimated biennium-to-date collections to \$4.7 million or 6.3 percent ahead of projections.

Individual income tax collections were ahead of forecast by \$749,100 or 5.7 percent. Biennium-to-date collections are now \$14.2 million or 5.5 percent ahead of projections.

Corporate income tax collections again shows a negative number. This is due to large refund requests and the necessity to build up the re-

fund reserve account to provide for refunds. Biennium-to-date collections are now \$18.3 million or 26.1 percent below projections.

Oil and gas production tax collections exceeded projections by \$784,192 or 79.9 percent. Oil extraction tax collections exceeded projections by \$475,279 or 79.7 percent. Combined oil tax collections at this point in the biennium are now \$23.9 million ahead of the original projections.



**OMB**

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